

**DIRECT TESTIMONY OF
RACHEL R. ELLIOTT
ON BEHALF OF
DOMINION ENERGY SOUTH CAROLINA, INC.
DOCKET NO. 2020-5-G**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.**

2 A. My name is Rachel R. Elliott, and my business address is 220 Operation
3 Way, Cayce, South Carolina. I am the Manager – Electric and Gas Regulatory
4 Accounting for Dominion Energy Southeast Services, Inc. (“DES Services”).
5

6 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND BUSINESS**
7 **BACKGROUND.**

8 A. I received a Bachelor of Science degree in Business Administration with a
9 major in Accounting from the University of South Carolina and a Master of
10 Business Administration degree with a concentration in Accounting from Winthrop
11 University. Prior to my current employment, I worked in the mortgage banking
12 industry as an Internal Auditor. I joined SCANA Services, Inc., now DES Services,
13 in October 2001 as an Internal Auditor with increasing responsibility leading audits
14 including supervising team members, drafting audit reports, and communicating
15 results to management. In February 2008, I accepted a Senior Analyst position in
16 SCANA Services’ Financial Planning and Budgeting Department with
17 responsibility for coordinating the development of SCANA Corporation’s annual
18 operations and maintenance budget. In October 2010, I accepted a Senior Analyst
19 position in SCANA Services’ Gas Rates and Regulatory Accounting area and was

1 promoted to Lead Analyst in February 2013 and to Supervisor of the Gas Rates and
2 Regulatory Accounting Department in January 2015. In September 2017, I assumed
3 my current position as Manager – Electric and Gas Regulatory Accounting. I am a
4 Certified Internal Auditor and Certified Public Accountant in South Carolina.
5

6 **Q. WHAT ARE YOUR DUTIES AS MANAGER OF ELECTRIC AND GAS**
7 **REGULATORY ACCOUNTING?**

8 A. My responsibilities include managing the administration of the purchased gas
9 adjustment (“PGA”), including the monthly forecast of commodity and demand gas
10 cost billing rates and the monthly (over)/under collection balance calculation. In
11 addition, I manage the preparation of the quarterly monitoring report filings for
12 Dominion Energy South Carolina, Inc. (“DESC” or the “Company”), as well as the
13 annual Natural Gas Rate Stabilization Act (“RSA”) filing. My responsibilities also
14 include the preparation of DESC electric and gas operations financial projections
15 and analyses. I manage and assist with the development of cost of service studies,
16 rate analyses, and rate design.
17

18 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY.**

19 A. The purpose of my testimony is to support the cost of gas (“COG”) data,
20 including the (over)/under collection amount for the period under review in this
21 proceeding, which is August 1, 2019, through July 31, 2020 (“Review Period”).
22

1 **Q. PLEASE DESCRIBE HOW DESC ADMINISTERED THE APPROVED PGA**
2 **GAS COST RECOVERY MECHANISM DURING THE REVIEW PERIOD.**

3 A. DESC calculates the gas cost factor for each customer class every month
4 using a rolling 12-month forecast of both demand and commodity costs. DESC
5 updates its COG forecast monthly using current New York Mercantile Exchange
6 (“NYMEX”) prices as projected for each of the next 12 months. DESC uses the
7 NYMEX closing prices for a date selected by the Company that allows the revised
8 rates to be filed with the Public Service Commission of South Carolina
9 (“Commission”) before the first billing cycle of the next month. The forecast is
10 reviewed monthly and updated as needed to reflect current assessments of
11 anticipated industrial margins, capacity release credits, and firm sales levels. The
12 recalibrated 12-month recovery factors, adjusted to zero-out any prior month’s
13 (over)/under recovery for the 12-month period, determines the gas cost recovery
14 factors for the upcoming month. After notifying the Commission and the South
15 Carolina Office of Regulatory Staff (“ORS”), the factors are implemented for the
16 first billing cycle of the following month.

17
18 **Q. WHAT ARE THE UPDATED DEMAND COG (“DCOG”) ALLOCATION**
19 **(“DCOG”) FACTORS?**

20 A. The Company reviews the DCOG allocation factors each year during the
21 PGA proceeding and updates the factors to reflect current forecast assumptions.
22 Pursuant to Order No. 2006-679, these DCOG allocation factors are based on a

1 weighting of 50% forecast sales and 50% forecast peak design day demand. The
2 forecast peak design day demand for the upcoming 2020-2021 winter is 438,988
3 dekatherms. This resulting forecast is used for capacity planning purposes as
4 illustrated in the testimony and exhibits of Company Witness Jackson. Based on
5 the latest annual sales and demand forecasts, the new DCOG allocation factors will
6 be 66.66% for Residential, 28.60% for Small General Service/Medium General
7 Service (“SGS/MGS”) and 4.74% for Large General Service (“LGS”) usage groups.
8 DESC respectfully requests that these new DCOG allocation factors be approved
9 by the Commission and made effective for the first billing cycle of January 2021.
10

11 **Q. WHAT ARE THE COMPANY’S CURRENTLY APPROVED FACTORS**
12 **FOR COG?**

13 A. As of September 22, 2020, the current COG factors, which became effective
14 with the Company’s first billing cycle in September 2020, are \$0.72254 per therm
15 for Residential, \$0.51438 per therm for SGS/MGS and \$0.64815 per therm for LGS.
16 These factors include a Firm Commodity Benchmark for all firm customer groups
17 of \$0.26101 per therm. Under the provisions of Order Nos. 2006-679 and 2009-
18 910, DESC recalculates the COG monthly to determine whether an adjustment
19 should be made to the current COG factors. If an adjustment to the COG factors is
20 necessary, then DESC notifies the Commission and ORS of the Company’s intent
21 to adjust its COG factors beginning with the first billing cycle in the next succeeding
22 month.

1 **Q. DURING THE REVIEW PERIOD HAS DESC ADMINISTERED THE PGA**
2 **MECHANISM IN ACCORDANCE WITH THE TERMS OF ORDER NOS.**
3 **2006-679 AND 2009-910?**

4 A. Yes. During the Review Period, DESC implemented the PGA mechanism in
5 compliance with Order Nos. 2006-679 and 2009-910. The results are set forth on
6 Exhibit No. ____ (RRE-1). This exhibit accurately reflects administration of the PGA
7 recovery mechanism as approved by the Commission.
8

9 **Q. PLEASE EXPLAIN EXHIBIT NO. ____ (RRE-1).**

10 A. Exhibit No. ____ (RRE-1) shows monthly (over)/under collections
11 experienced by DESC in administering the PGA mechanism during the Review
12 Period. This exhibit shows that DESC entered the Review Period with an under
13 collection of \$14,683,872. As of the end of the Review Period, the exhibit shows
14 an under-collected balance of \$11,214,096. As of August 31, 2020, the under-
15 collected balance was \$13,637,717.
16

17 **Q. PLEASE EXPLAIN EXHIBIT NO. ____ (RRE-2).**

18 A. Exhibit No. ____ (RRE-2) shows a summary of the monthly forecast of gas
19 cost components and the resulting monthly (over)/under collection balances. The
20 end of period balance of zero shows that the forecasted gas cost factors would
21 eliminate any projected (over)/under collection amount by the end of the forecast
22 period ending August 2021.

1 **Q. WHAT ARE YOU REQUESTING OF THE COMMISSION IN THIS**
2 **PROCEEDING?**

3 A. On behalf of DESC, I respectfully request the Commission find that (1)
4 during the Review Period, the Company properly administered the PGA mechanism
5 and correctly adjusted the gas cost recovery factors for each customer usage group
6 in accordance with the terms of Order Nos. 2006-679 and 2009-910; (2) the
7 Company recovered its gas costs for the Review Period consistent with its tariffs
8 and Commission orders and that it purchased its gas supplies and administered the
9 PGA in a prudent and reasonable manner; (3) the new DCOG allocation factors are
10 appropriate and to be effective for the first billing cycle of January 2021; and (4) the
11 current gas cost recovery mechanism be continued.

12
13 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

14 A. Yes.

Exhibit No.____(RRE-1)

**DOMINION ENERGY SOUTH CAROLINA, INC.
PURCHASED GAS ADJUSTMENT
ACTUAL (OVER)/UNDER COLLECTION**

	<u>COMM. COST PER THERM</u> (COL. 1)	<u>BILLING COMM. COST PER THERM</u> (COL. 2)	<u>DIFFERENCE</u> (COL. 3) (1-2)	<u>FIRM SALES THERMS</u> (COL. 4)	<u>COMMODITY (OVER)UNDER COLLECTION</u> (COL. 5) (3x4)	<u>DEMAND (OVER)UNDER COLLECTION</u> (COL. 6)	<u>TOTAL (OVER)UNDER COLLECTION</u> (COL. 7) (5+6)	<u>CUMULATIVE (OVER)UNDER COLLECTION</u> (COL. 8)
						BEGINNING BALANCE		\$14,683,872
AUG 19	\$0.22746	\$0.32804	(\$0.10058)	9,056,157	(\$1,109,198)	\$2,575,556	\$1,466,358	\$16,150,230
SEP 19	\$0.25774	\$0.32804	(\$0.07030)	8,338,393	(\$574,083)	\$206,203	(\$367,880)	\$15,782,350
OCT 19	\$0.30708	\$0.32804	(\$0.02096)	8,988,084	(\$261,204)	\$5,228,914	\$4,967,710	\$20,750,060
NOV 19	\$0.55867	\$0.32804	\$0.23063	17,070,532	\$3,899,725	(\$3,839,258)	\$60,467	\$20,810,527
DEC 19	\$0.30218	\$0.32804	(\$0.02586)	35,017,111	(\$1,084,960)	(\$6,882,165)	(\$7,967,125)	\$12,843,402
JAN 20	\$0.28317	\$0.32804	(\$0.04487)	35,484,721	(\$2,204,850)	(\$7,614,969)	(\$9,819,818)	\$3,023,584
FEB 20	\$0.23084	\$0.25428	(\$0.02344)	37,044,884	(\$956,230)	(\$512,678)	(\$1,468,908)	\$1,554,676
MAR 20	\$0.14143	\$0.25428	(\$0.11285)	32,239,496	(\$3,709,999)	\$5,086,036	\$1,376,037	\$2,930,712
APR 20	\$0.17356	\$0.25428	(\$0.08072)	13,107,052	(\$687,726)	\$3,846,945	\$3,159,219	\$6,089,931
MAY 20	\$0.17207	\$0.24185	(\$0.06978)	10,714,794	(\$605,541)	\$2,516,942	\$1,911,401	\$8,001,333
JUN 20	\$0.15415	\$0.24185	(\$0.08770)	9,588,810	(\$693,242)	\$3,379,964	\$2,686,722	\$10,688,055
JUL 20	\$0.09689	\$0.24601	(\$0.14912)	8,933,612	(\$1,329,984)	\$1,856,025	\$526,041	\$11,214,096

Exhibit No.__(RRE-2)

**DOMINION ENERGY SOUTH CAROLINA, INC.
PURCHASED GAS ADJUSTMENT
PROJECTED (OVER)/UNDER COLLECTION**

	<u>COMM COST PER THERM</u> (COL. 1)	<u>BILLING COMM COST PER THERM</u> (COL. 2)	<u>DIFFERENCE</u> (COL. 3)	<u>FIRM SALES THERMS</u> (COL. 4)	<u>COMMODITY (OVER)UNDER COLLECTION</u> (COL. 5)	<u>DEMAND (OVER)UNDER COLLECTION</u> (COL. 7)	<u>TOTAL (OVER)UNDER COLLECTION</u> (COL. 9)	<u>CUMULATIVE TOTAL (OVER)UNDER COLLECTION</u> (COL. 10)
					BALANCE @ AUGUST 31, 2020			\$13,637,717
SEP 20	\$0.32623	\$0.26111	\$0.06512	8,274,270	\$538,832	\$1,882,115	\$2,420,947	\$16,058,664
OCT 20	\$0.37888	\$0.26111	\$0.11776	10,235,497	\$1,205,350	(\$1,643,596)	(\$438,246)	\$15,620,417
NOV 20	\$0.40942	\$0.26111	\$0.14831	17,032,944	\$2,526,106	(\$6,877,190)	(\$4,351,084)	\$11,269,333
DEC 20	\$0.32103	\$0.26111	\$0.05991	31,975,299	\$1,915,712	(\$9,025,364)	(\$7,109,652)	\$4,159,682
JAN 21	\$0.27646	\$0.26111	\$0.01535	45,177,048	\$693,430	(\$14,168,473)	(\$13,475,042)	(\$9,315,360)
FEB 21	\$0.22796	\$0.26111	(\$0.03315)	42,240,399	(\$1,400,325)	(\$5,694,955)	(\$7,095,280)	(\$16,410,639)
MAR 21	\$0.23747	\$0.26111	(\$0.02364)	30,916,800	(\$730,924)	(\$2,533,401)	(\$3,264,325)	(\$19,674,964)
APR 21	\$0.21849	\$0.26111	(\$0.04262)	19,191,962	(\$817,974)	\$2,929,091	\$2,111,118	(\$17,563,846)
MAY 21	\$0.29840	\$0.26111	\$0.03729	11,636,443	\$433,895	\$3,254,400	\$3,688,295	(\$13,875,552)
JUN 21	\$0.33312	\$0.26111	\$0.07201	8,786,525	\$632,730	\$3,631,619	\$4,264,349	(\$9,611,203)
JUL 21	\$0.38607	\$0.26111	\$0.12495	8,142,760	\$1,017,469	\$3,878,436	\$4,895,905	(\$4,715,297)
AUG 21	\$0.42336	\$0.26111	\$0.16225	8,349,522	\$1,354,670	\$3,360,627	\$4,715,297	\$0